



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/18/2013

Agenda Placement: 9B

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission

FROM: Charlene Gallina for Hillary Gitelman - Director
Planning, Building and Environmental Services

REPORT BY: RONALD GEE, PLANNER III - 707.253.4417

SUBJECT: DARIOUSH KHALEDI WINERY, LLC / DARIOUSH KHALEDI – DARIOUSH WINERY USE PERMIT
MODIFICATION - USE PERMIT MAJOR MODIFICATION # P13-00178-MOD

RECOMMENDATION

DARIOUSH KHALEDI WINERY, LLC / DARIOUSH KHALEDI – DARIOUSH WINERY USE PERMIT MODIFICATION - USE PERMIT # P13-00178-MOD

CEQA Status: Consideration and possible adoption of a Subsequent Negative Declaration. New environmental effects resulting from proposed changes, altered conditions or new information are addressed in the Initial Study; there are no changes proposed in this project which require major revisions to the previous environmental document. This project site is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.

Request: Approval to modify prior Use Permits # U-547879, # 99008-MOD, # 02301 and # P12-00197-MOD to allow the following: 1) Increase total winery facility size from 32,868 sq. ft. to 72,751 sq. ft.; 2) Increase the winery production area from 23,774 sq. ft to 52,452 sq. ft. with construction of an expanded covered crush pad, additional stainless storage area, barrel and case goods storage areas; 3) Increase winery accessory use areas 9,904 sq. ft. to 20,299 sq. ft. with construction of new or remodeled office, break room kitchen, conference and service areas; 4) Add capacity to the existing Lyve wastewater processing facility; 5) Increase the number of employees from 14 full-time and 6 part-time to 35 full-time and 20 part-time; 6) Increase on-site parking from 45 to 86 spaces with expansion of truck and parking circulation areas; and 7) Allow on-site sale and consumption of wine pursuant to AB 2004 (Evans). No changes to existing winery production levels, hours of operation, visitation or marketing program are proposed. The project is located on an approximately 31.49 acre parcel on the east side of Silverado Trail, approximately 0.75 mile (3,985 feet) north of the intersection with Soda Canyon Road, 4240 Silverado Trail, Napa, CA 94558, APN 039-400-084.

Staff Recommendation: Adopt the Subsequent Negative Declaration and approve the Use Permit Modification as conditioned.

Staff Contact: Ronald Gee, (707) 299-1351, ronald.gee@countyofnapa.org

Representative Contact: Chuck Meibeyer, (707) 255-2729

EXECUTIVE SUMMARY

Proposed Actions

That the Planning Commission:

1. Adopt the Subsequent Negative Declaration, based on Findings 1-10 of Exhibit A; and
2. Approve Use Permit Major Modification # P13-00178-MOD based on Findings 11-15 of Exhibit A and subject to the recommended Conditions of Approval in Exhibit B.

Discussion:

Use Permit # 54789-UP was approved on January 9, 1980 to establish a 100,000 gallons/year, 21,252 sq. ft. winery with a phased development plan. Subsequent Use Permit modification approvals in 2000 and 2002 clarified project phasing, visitation and added a winery marketing program. With new property ownership, a concurrent Bed & Breakfast permit was voided.

The application would consolidate off-site winery processing and storage operations on-site at the existing winery. The proposal would modify prior Use Permits # U-547879, # 99008-MOD, # 02301 and # P12-00197-MOD to: 1) Increase total winery facility size from 32,868 sq. ft. to 72,751 sq. ft.; 2) Increase the winery production area from 23,774 sq. ft to 52,452 sq. ft. with construction of an expanded covered crush pad, additional stainless storage area, barrel and case goods storage areas; 3) Increase winery accessory use areas 9,904 sq. ft. to 20,299 sq. ft. with construction of new or remodeled office, break room kitchen, conference and service areas; 4) Add capacity to the existing wastewater processing facility; 5) Increase the number of employees from 14 full-time and 6 part-time (20 total) to 35 full-time and 20 part-time; 6) Increase on-site parking from 45 to 86 spaces with expansion of truck and parking circulation areas; and 7) Allow on-site sale and consumption of wine pursuant to AB 2004 (Evans). No changes to existing winery production levels, hours of operation, visitation or marketing program are proposed.

Staff has no objections to this request and finds this project consistent with the Napa County Winery Definition Ordinance, other applicable provisions of the Zoning Ordinance and General Plan, subject to standard conditions.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

A Subsequent Negative Declaration has been prepared to update the Mitigated Negative Declarations previously adopted for the winery in 1980, 2000 and 2002 as part of Use Permits # 54789-UP, # 99008-MOD and # 02031-MOD, respectively. Eleven mitigation measures adopted as part of the Mitigated Negative Declaration for Use Permit # 54789-UP addressed Aesthetics, Hydrology/Water Quality, Noise and Traffic. As detailed in the new Initial

Study, all mitigation measures have been implemented, including installation of the southbound left-turn lane at the winery entrance with acceleration and deceleration tapers on the east side Silverado Trail. The new document identifies new baseline thresholds for winery operations and analyzes potential Air Quality impacts and Greenhouse Gas Emissions.

The proposed winery production area increase, minor employee and parking space increases and related improvements will not be located in any identified biologically or archaeologically-sensitive areas and will take place on previously-disturbed areas. New environmental effects resulting from proposed changes, altered conditions or new information were addressed in the Initial Study; there are no changes proposed in this project which require major revisions to the previous environmental document. This project site is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.

BACKGROUND AND DISCUSSION

Owners: Darioush Khaledi Winery, LLC / Darioush Khaledi, (707) 257-2345

Representative: Chuck Meibeyer, Meibeyer Law Group, (707) 953-7703

Zoning: AP (Agricultural Preserve)

General Plan Designation: AR (Agricultural Resource), Napa County General Plan, 2008

Initially Submitted: May 30, 2013 **Determined Complete:** August 19, 2013

Current Winery Size: 32,868 sq. ft. - Approximately 23,774 sq. ft. of Production Area and 9,094 sq. ft. of Accessory Use Area

Proposed Winery Addition: 72,751 sq. ft. - Approximately 52,452 sq. ft. of Production Area and 20,299 sq. ft. of Accessory Use Area

Current Production Capacity: 100,000 gallons per year; No changes are proposed.

Visitation: No changes are proposed for maximum 400 visitors/day, including marketing activities with designated "Private Tours and Tasting by Appointment Only" and "Public Tours and Tasting" areas. The application includes a request to allow on-site bottle consumption consistent with AB 2004.

Marketing: No changes are proposed. Private promotional tastings with meals - 20 lunches/month, 8 people maximum, 11:00 AM-4:00 PM; Private promotional tastings with meals - 15 dinners or food and wine pairings/month, 12 people maximum, 5:30 PM-10:00 PM; Release Events, 8/year, 150 people maximum, 4 events, 9:00 AM-4:00 PM, 4 events, 5:30 PM - 10:00 PM; and one Auction -related event per year with up to 24 people.

Number of Employees: Increase the number of employees from 14 full-time and 6 part-time to 35 full-time and 20 part-time.

Hours of Operation: 8:00 AM - 6:00 PM, Monday to Sunday; No changes are proposed.

Parking: Increase number of parking spaces from 45 to 86.

Adjacent Zoning / Land Use:

North: AP - 56.59 acres - Vineyards and Rural Residential

South: AP - 2.91, 5.0 and 11.61 acres - Vineyards and Rural Residential

East: AP - 20.86 acres - Winery and Vineyards

West: AP - 41.9 acres - Vineyards and Rural Residential

Nearby Wineries (within one mile of the project site):

Signorello Winery - 5998 Silverado Trail - 20,000 gallons per year - tours and tasting by appointment

James Cole Winery - 5994 Silverado Trail - 12,000 gallons per year - tours and tasting by appointment

White Rock Vineyards - 5901 Silverado Trail - 150,000 gallons per year - no tours and tasting

Roy Estate Vineyards - 5860 Silverado Trail - 35,000 gallons per year - tours and tasting by appointment

Hagafen Cellars - 5850 Silverado Trail - 32,000 gallons per year - private

Leonardini Winery - 5766 Silverado Trail - 300,000 gallons per year - public and by-appointment (2004 Modification)

Materra Winery - 5584 Silverado Trail - 30,000 gallons per year - tours and tasting by appointment

Monticello Vineyards - 4242 Big Ranch Road - 100,000 gallons per year - public

Andretti Winery - 4162 Big Ranch Road - 100,000 gallons per year - public

Black Stallion Winery - 4089 Silverado Trail - 100,000 gallons per year - public

Van der Heyden Vineyards - 4057 Silverado Trail - 8,000 gallons per year - tours and tasting by appointment

Reynolds Winery - 3260 Silverado Trail - 20,000 gallons per year - tours and tasting by appointment

Property History:

Use Permit # U-547879 was approved on January 9, 1980 to establish a 100,000 gallons/year, 21,252 sq. ft. winery with a phased development plan.

On March 15, 2000 Use Permit # 99008-MOD defined Phases 2 and 3 of the winery's development with 66,667 gallons/year production (after initial production of 25,000 gallons/year), construction of a 4,961 sq. ft. winery building and 1,716 sq. ft. crush pad. Phase 3 increased production levels to 100,000 gallons/year with additional construction of a 3,641 sq. ft. "future production building expansion" for a total 21,252 sq. ft. winery. In addition, installation of the appropriate wastewater treatment system, 15 on-site parking spaces and visitation restricted to 100 people on the busiest day (with 350 maximum weekly average) were included. A Negative Declaration was adopted for this permit after completion of an Environmental Checklist and incorporation of potential mitigation measures as part of the project.

The Board of Supervisors approved a Use Permit # BB-498485 to construct a personal residence with an attached Bed & Breakfast facility on December 17, 1985. Winery production capacity was reduced to 20,000 gallons/year while the Bed & Breakfast existed. The Bed & Breakfast was only allowed under the previous owner's or his family's property ownership. Although the winery site plan was modified to accommodate this residence, only the foundation was ever constructed. When the County was notified that the property had been sold, an October 1, 1998 letter was sent notifying the new property owner that the Use Permit for the Bed & Breakfast was terminated and that the change in use required winery use permit modification.

On March 15, 2000, Use Permit # 99008-MOD modified the use permit to allow: 1) relocation and redesign of the remaining portion of the winery, including covering the existing 1,716 sq. ft. crush pad; 2) relocation and reduction of the number of approved parking spaces from 45 to 30; 3) deleted an earlier condition regarding the design/color condition of the winery building; 4) installation of a modular unit for use as offices and tasting during construction; 5) visitation restricted to 100 on the busiest day with 350 visitors for a weekly average; and 6) construction of an

engineered sewage disposal system in place of a waste disposal reservoir system that had originally been approved. A Negative Declaration was adopted for this permit after completion of an Environmental Checklist.

On December 4, 2002, Use Permit # 02301-MOD allowed further amendments to: 1) add a marketing plan to include 15 dinners/month, 20 lunches/month and 8 release events. By prior appointment, tours and tastings without meals served were allowed with no more than 400 total visitors/day, including marketing activities; 2) Previously-approved parking was relocated and 30 new parking spaces were added for 45 total; 3) Full-time employees were increased from 6 to 14 and part-time employees from 5 to 6; 4) Floor plans were revised to replace an office with a laboratory area and a storage room with an office; Parking plan revisions that relocated the employee and residential (not a part of the winery) parking areas and eliminated the Phase 3 parking area. An Initial Study and Negative Declaration were adopted for the project.

Use Permit Very Minor Modification # P12-00197-VMM was approved on July 2, 2012 to allow installation of a new wastewater treatment system with new landscape screening improvements. This permit was determined to be Categorically Exempt from CEQA review under Section 15301, Class 1, Additions to Existing Structures and Appendix B, Class 1(3), Increase of less than 25% to winery size.

Code Compliance History:

Based on a review of the County Planning and Building files, there was a 2011 code enforcement referral that alleged the winery gift shop offered merchandise that was not wine-related. These included the sale of purses, scarves, ceramic clocks, perfumed candles, cowhide bowls, olive oil, pistachios and shot glasses. Napa County Ordinance #1340, approved by the Board of Supervisors on May 11, 2010, allows wineries to sell "wine-related products". Code enforcement investigation confirmed the situation, notified the winery and the matter was resolved in a timely manner. There have been no other code-related referrals.

Discussion Point(s):

1. Proposal - The current request would consolidate existing off-site production and barrel storage operations and relocate off-site winery staff onto the Darioush Winery site. The total facility size would increase from 32,868 sq. ft. to 72,751 sq. ft. The winery production area would increase from 23,774 sq. ft. to 52,452 sq. ft. with construction of an expanded covered crush pad, additional stainless storage area, barrel and case goods storage areas and buildings. Construction of new and remodeled office space, a break room kitchen, conference and service areas; increase winery accessory use areas 9,904 sq. ft. to 20,299 sq. ft. Kitchen improvements approved in an earlier use permit will convert an existing storage area into a "culinary center" and is not a part of this permit request.

The number of on-site employees would increase from 14 full-time and 6 part-time to 35 full-time and 20 part-time. However, no more than 35 total employees would be on-site at any given time. No changes to existing winery production levels, other building sizes, hours of operation, visitation or marketing program are proposed. The proposal includes the addition of on-site sale and consumption of wine pursuant to AB 2004.

The Water Availability Analysis indicates that the 31.49 acre valley floor-area site is allotted 31.49 acre/feet (af/yr) of annual water use. Existing water use at the winery's current 100,000 gallons/year production rate has been 14.62 af/yr. With the proposed production and accessory use facility expansion and resulting reduction of vineyard area from 22.43 acres to 20.69 acres, projected water use would be reduced to 13.74 af/yr for the winery, including domestic (consisting of residential, winery staff, visitation and marketing amounts), landscaping and vineyard irrigation, an amount well below the 31.49 af/yr allotment.

There are currently two separate wastewater disposal systems on the parcel, an Evapo-transpiration Infiltration (ETI) Bed and LYVE Technologies pretreatment system. The proposal would allow the existing residence to

continue use of the ETI Bed. Winery process wastewater, winery and tasting room wastewater would be processed with the LYVE Technologies pretreatment system and disposed via a treated effluent storage tank and winery effluent surface drip irrigation to the disposal area, turf, landscape and vineyard. An alternative option to dispose the treated winery effluent, as proposed by the applicant, would be to utilize the existing LYVE Technologies pretreatment system as described and to separate winery and tasting room sanitary sewer effluent through a new on-site, subsurface drip-dispersal system utilizing an AdvanTex AX Treatment System to pretreat the sanitary sewer effluent. The Environmental Health Division staff recommends approval of these improvements.

2. Circulation - The applicant has submitted traffic data including the attached Memorandum of the Crane Transportation Group (*Left Turn Lane Evaluation – Darioush Winery at 4240 Silverado Trail, Napa County California, May 14, 2013*). The winery will contribute to the overall traffic by 186 vehicle trips per day (65 PM peak trips) on weekdays and 243 vehicle trips per day (121 PM peak trips) on typical Saturdays. A total of 316 total daily trips will be generated for traffic during a Crush Saturday. For the largest marketing event of up to 150 people, an additional 163 trips would be generated. The Memorandum concluded that an increase in employee vehicle activity of 75% could increase the southbound, left-turn lane vehicle queues by one vehicle during employee arrival and departure periods. This maximum queue of two inbound vehicles would be easily accommodated by the existing, 75-foot long left-turn lane.

The Department of Public Works has reviewed this data and recommends approval of the project on the basis that the traffic volumes, including the increased number of employees, are below the threshold that would impact Silverado Trail and would not require construction of any additional roadway improvements in accordance with the Napa County Roads and Streets Standards. According to Public Works Transportation Engineering staff, the project will have no net increase in existing traffic generation and there will be no project impacts that affect traffic congestion or levels of service.

Adequate circulation and turnaround areas will be provided at the perimeter of expanded production areas and new parking lots. There is adequate off-road turnaround area between the gate and Silverado Trail roadway. The Napa County Fire Marshal has determined that adequate emergency vehicle access will be provided.

3. Parking - Use Permit # 02301-MOD approved 45 winery parking spaces that now include 7 additional employee parking spaces on-site (52 total). To accommodate proposed expansion, 35 additional spaces are proposed that include 3 new office/visitor spaces, 23 new employee parking spaces in a new north lot with 9 seasonal production parking spaces (87 total). Four unmarked bus and limousine parking spaces are located in the north side driveway that is utilized on an as-needed basis. Most new employee parking will be located in an expanded area, northeast of the existing employee parking area. Existing driveways will be expanded around the winery building and new parking areas and will be screened with new landscape improvements. The Division of Engineering Services has reviewed the winery's existing and proposed parking layout and recommends approval with standard conditions.

4. Visitation and Marketing - No change to winery visitation or marketing is proposed. However, the proposal includes a request to allow on-site sale and consumption of wine pursuant to AB 2004 (Evans) in the area designated as the "Picnic Area" on the northeast corner outside the winery building.

With Use Permit # 02301-MOD, since 2002, the pre-WDO winery is allowed up to 400 visitors/day, including marketing activities. Private promotional tastings include meals with 20 lunches/month, 8 people maximum, 11:00 AM-4:00 PM and 15 dinners/month, 12 people maximum, 5:30 PM-10:00 PM. Permit conditions require separately identified areas for "Private Tours and Tasting by Appointment Only" and "Public Tours and Tasting". Only 8 annual "Release Events" with up to 150 people/event are included. One Wine Auction event is included with 24 people maximum.

Staff has provided a table below comparing marketing and tours and tastings visitation at other wineries with annual production between 85,000 and 130,000 gallons per year. The proposed visitation program falls in the

upper end amongst its peer group of wineries within this range of approved production capacity; for marketing events, the proposed 8 events are in the lower end.

Winery	Approved Production	Tours & Tastings	Tours & Tasting Avg/Week	Marketing Events per year*
Provenance Vineyards	85,000	Public	300	no data
Sattui Winery	96,000	Public	3,850	no data
Black Stallion Winery	100,000	Public	350	no data
Trinchero Napa Valley	100,000	Public	1,000	no data
Andretti Winery	100,000	Public	100	no data
Monticello Vineyards	100,000	Public	84	no data
Moss Creek Winery	100,000	Public	600	no data
Caravan Serai Winery	100,000	By Appointment	2,800	no data
Dominari Winery	100,000	By Appointment	50	18
Opus One Winery	110,000	By Appointment	100	no data
Duckhorn Vineyards	110,000	Public	50	no data
Caymus Vineyards	110,000	By Appointment	180	no data
Peju Province Winery	120,000	By Appointment	450	no data
Newton Vineyard	130,000	By Appointment	50	no data
Darioush Winery	100,000	Public/By Appointment	2,800	8 (plus one Wine Auction event)

* No Data Recorded - Attributed to Older Wineries with no marketing program proposed or approved

5. Greenhouse Gases/Climate Action Plan - The County requires project applicants to consider methods to reduce Green House Gas (GHG) emissions consistent with Napa County General Plan Policy CON-65(e), which requires GHG review of discretionary projects. The applicant has completed the Department's *Best Management Practices Checklist for Development Projects*, which is attached to this report as part of the application materials. The applicant proposes to incorporate GHG reduction methods including: 1) generation of on-site renewable energy; 2) using solar hot water heating; 3) planting shade trees within 40 feet of south side building elevations; 4) providing priority parking for efficient transportation vehicles; 5) providing bicycle racks and an electrical vehicle charging station; 6) installing energy- and water-efficient fixtures; 7) educating staff and visitors about sustainable practices; and 8) recycling 75% of all waste.

GHG Emission reductions from local programs and project level actions, such as application of the CalGreen Building Code, tightened vehicle fuel efficiency standards, and more project-specific on-site programs including those winery features noted above would combine to reduce emissions. The proposed project would not conflict with or obstruct the implementation of any applicable air quality plan.

6. Grape Sourcing - Although the on-site vineyard will be reduced from 22.43 acres to 20.69 acres with new construction, grape sourcing for the winery will continue to be provided by existing Napa Valley, Mount Veeder and Oak Knoll District vineyards and will comply with the 75% Napa Valley grape source requirement. According to the applicant's September 6, 2013 letter, in 2012, approximately 98% of the Darioush Winery's grapes were sourced from the Napa Valley appellation and it has no material agreements for out-of-county fruit in future years. Annual production the last three years averaged 81,854 gallons per year with 58,315 gallons in 2010, 65,910 gallons in 2011 and 121,338 gallons in 2012.

The 2012 production level exceeded the winery's 100,000 gallons per year limit. Although "there was a bumper crop", no request for a winery production limit increase was included in this application and separate Use Permit Major Modification application is required. The staff has the ability to request the 2014 TTB forms for the 2013

production to ensure Use Permit production compliance and/or the need for a use permit modification for the increase in production.

Consistency with Standards:

Zoning - A winery (as defined in Napa County Code Section 18.08.640) and accessory uses in connection with a winery (see Napa County Code Section 18.20.030) are permitted in the AP (Agricultural Preserve) District with a use permit. This winery complies with the Winery Definition Ordinance. With proposed improvements, winery coverage would total 153,320 sq. ft. or 11.2 % of the project site. With 20,299 sq. ft. of winery accessory use area and 52,452 sq. ft. of production area, the winery would have a 38.7% accessory to production use ratio, below the 40% maximum allowed.

Building Inspection - The Building Official recommends approval for the project in its attached August 16, 2013 memo.

Fire Marshal - The Fire Marshal recommends approval in the attached July 11, 2013 memo.

Engineering Services Division (ESD) - The ESD recommends approval with standard conditions that address water, parking, access road and other site improvements. Please see the attached September 5, 2013 memo.

Environmental Health Division (EHD) - The EHD recommends approval with standard conditions. Please see the attached August 22, 2013 memo.

Public Works Department- Flood Control District - Flood Control District staff has determined the Phase 1 Water Availability Analysis Report to be adequate in the attached August 8, 2013 memo.

SUPPORTING DOCUMENTS

- A . Exhibit A - Findings
- B . Exhibit B - Conditions of Approval
- C . Department / Division Comments
- D . Initial Study / Subsequent Mitigated Negative Declaration
- E . Previous Permits
- F . Transportation Memorandum / Biological Resources Report
- G . Application Materials
- H . Best Management Practices Checklist
- I . Graphics
- J . Winery Floor Plan Details

Napa County Planning Commission: Approve

Reviewed By: John McDowell